

## **REMARKS**

### **Overview**

In this amendment, claims 2-4, 8, 11, 13, 15, 17, and 18 have been amended. Support for the claim amendments may be found throughout the application as filed. Claims 1, 5-7, 9-10, 12, and 21-33 have been cancelled. Upon entry of this amendment, claims 2-4, 8, 11, and 13-20 will be pending, with claims 11 and 18 being independent claims.

### **Election/Restriction**

Without agreeing that the Office's contention that claims 24-33 are directed to an independent or distinct invention from the invention originally claimed, applicants have herein canceled claims 24-33 without prejudice to applicants' right to pursue the same or similar claims in a related application.

### **Section 101 Rejections**

Claims 1-17 and 21-23 were rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. In this amendment, applicants have canceled independent claims 1 and 21. In addition, independent claim 11 has been amended to clarify that a computing device calculates the allocation percentage and that the computing device comprises "a processor and a computer readable medium that stores instructions that when executed by the processor cause the computing device to calculate the allocation percentage of the trading account for each investor group." Applicants submit that amended claim 11 and its dependent claims recite patent-eligible subject matter because the claimed methods are tied to a particular machine. *See In re Bilski*, 545 F.3d 943, 88 USPQ2d 1385, 1391 (Fed. Cir. 2008) (*en banc*) ("A claimed process is surely patent-eligible under § 101 if ... it is tied to a particular machine or apparatus...").

### Section 103 Rejections

In the Office Action, claims 1-23 were rejected under 35 U.S.C. § 103(a) as being obvious based on the combination of Boes (U.S. Patent 5,193,056) and Bennett (U.S. Patent 5,761,441). Applicants traverse the rejections as follows.

The Boes patent was the patent in suit in the case of *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 47 USPQ2d 1596 (Fed. Cir. 1998). In that case, the Federal Circuit described the Boes patent as follows:

The [Boes] patent is generally directed to a data processing system (the system) for implementing an investment structure which was developed for use in Signature's business as an administrator and accounting agent for mutual funds. In essence, the system, identified by the proprietary name Hub and Spoke (Registered), facilitates a structure whereby mutual funds (Spokes) pool their assets in an investment portfolio (Hub) organized as a partnership. This investment configuration provides the administrator of a mutual fund with the advantageous combination of economies of scale in administering investments coupled with the tax advantages of a partnership. (*Id.* at 1598).

Thus, the Boes patent deals with a hub-and-spoke mutual fund arrangement. In its analysis, the Office Action seems to (i) equate the funds (or spokes) of the Boes patent with the tracking accounts of investor groups, and (ii) equate the portfolio (or hub) of the Boes patent with the trading account. Boes, however, has little relevance to an investment fund with separate tracking accounts for investor groups with **different maximum leverage ratios**.

Focusing initially on independent method claim 11, the claim has been amended to include generally the limitations of now-canceled claim 12. Claim 12 was rejected in the Office Action based on Boes. While Boes may disclose tracking of the ownership of the various funds in the portfolio, Boes nowhere teaches or suggests that the allocation percentages are determined as set forth in amended claim 11. For example, Boes nowhere teaches or suggest calculating the allocation percentages based on the **maximum leverage ratio for each tracking account**. Indeed, Boes does not even discuss leveraged accounts or leverage ratios, much less calculating an allocation percentage based on the maximum leverage ratio for each fund (or tracking account).

Thus, at a minimum, Boes does not teach or suggest the following limitation of amended claim 11:

... calculating the allocation percentage of the trading accounts based on the revised contribution amounts for each tracking account and **the maximum leverage ratio for each tracking account**... (emphasis added)

Bennett also does not teach this feature of claim 11. Consequently, for at least this reason, applicants submit that claim 11 is not obvious in view of the cited references. In addition, applicants submit that claims 2-4, 8, and 13-17, which depend from claim 11, are nonobvious at least by virtue of their dependence upon claim 11. See MPEP § 2143.03.

Independent system claim 18 similarly recites a computing device that calculates the allocation percentages of the tracking accounts based on the "maximum leverage ratio" of each tracking account. As discussed above, Boes and Bennett do not teach or suggest calculating the allocation percentages for the tracking accounts based on the maximum leverage ratio of each tracking account. Therefore, applicants submit that claim 18 and its dependent claims are nonobvious in view of the cited references.

Applicants note that dependent claims 13 and 20 recite additional steps for determining the allocation percentages of the tracking accounts. The Office Action stated that these steps are "obvious since the claimed invention is no more than simple substitution of one known element for another, i.e., one mathematical formula for calculating the allocation percentage for another, or mere application of known technique to piece of prior art ready for improvement..." According to the MPEP (§ 2143), in order for the Office to reject a claim as obvious because it is a simple substitution of one known element for another, the Office must articulate the following:

1. a finding that the prior art contained a device (method, product, etc.) which differed from the claimed device by the substitution of some components (step, element, etc.) with other components;
2. a finding that the substituted components and their functions were known in the art;

3. a finding that one of ordinary skill in the art could have substituted one known element for another, and the results of the substitution would have been predictable; and
4. whatever additional findings based on the *Graham* factual inquiries may be necessary, in view of the facts of the case under consideration, to explain a conclusion of obviousness.

Here, the Office has not met its burden. For example, the Office has not shown that the limitations of claims 13 and 20 are “known in the art” as required by part 2 above. Moreover, the Office has identified the prior art for part 1 above that purportedly differs from claims 13 and 20 by the substitution of some components with other components. Therefore, in addition to the fact that claims 13 and 20 are nonobvious by virtue of their dependence upon claims 11 and 18 respectively, applicants submit that claims 13 and 20 are nonobvious because the Office has not established a *prima facie* case of obviousness for these claims.

### **CONCLUSION**

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants' present Response should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants do not concede the correctness of the Office Action's rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,



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